

29-Jul-2022

Celanese Corp. (CE)

Q2 2022 Earnings Call

CORPORATE PARTICIPANTS

Brandon Ayache

Vice President-Investor Relations, Celanese Corp.

Lori J. Ryerkerk

Chairman & Chief Executive Officer, Celanese Corp.

Scott A. Richardson

Executive Vice President & Chief Financial Officer, Celanese Corp.

OTHER PARTICIPANTS

Vincent Stephen Andrews

Analyst, Morgan Stanley & Co. LLC

Michael Leithead

Analyst, Barclays Capital, Inc.

Jeffrey J. Zekauskas

Analyst, JPMorgan Securities LLC

Joshua Spector

Analyst, UBS Securities LLC

Ghansham Panjabi

Analyst, Robert W. Baird & Co., Inc.

Michael Sison

Analyst, Wells Fargo Securities LLC

P.J. Juvekar

Analyst, Citigroup Global Markets, Inc.

Kevin W. McCarthy

Analyst, Vertical Research Partners LLC

John Roberts

Analyst, Credit Suisse Securities (USA) LLC

Hassan I. Ahmed

Analyst, Alembic Global Advisors LLC

David Begleiter

Analyst, Deutsche Bank Securities, Inc.

Matthew DeYoe

Analyst, BofA Securities, Inc.

Matthew Blair

Analyst, Tudor, Pickering, Holt & Co. Securities, Inc.

Arun Viswanathan

Analyst, RBC Capital Markets LLC

Kieseian Riddick

Analyst, Evercore Group LLC

MANAGEMENT DISCUSSION SECTION

Operator: Greetings and welcome to the Celanese's Second Quarter 2022 Earnings Call and Webcast. At this time, all participants are in a listen-only mode. A question-and-answer session will follow the formal remarks. [Operator Instructions] As a reminder, this conference is being recorded. I would now like to turn the call over to Brandon Ayache, Vice President of Investor Relations. Thank you. You may begin.

Brandon Ayache

Vice President-Investor Relations, Celanese Corp.

Thank you, Darryl. Welcome to the Celanese Corporation's second quarter 2022 earnings conference call. My name is Brandon Ayache, Vice President of Investor Relations. With me today on the call are Lori Ryerkerk, Chairman of the Board and Chief Executive Officer; and Scott Richardson, Chief Financial Officer.

Celanese Corporation distributed its second quarter earnings release via Business Wire and posted prepared comments about the quarter on our Investor Relations website yesterday afternoon. As a reminder, we will discuss non-GAAP financial measures today. You can find definitions of these measures as well as reconciliations to the comparable GAAP measures on our website.

Today's presentation will also include forward-looking statements. Please review the cautionary language regarding forward-looking statements which can be found at the end of the press release as well as prepared comments. Form 8-K reports containing all of these materials have also been submitted to the SEC. Because we published our prepared comments yesterday, well now open, and I'll turn the call over to Lori for some introductory comments.

Lori J. Ryerkerk

Chairman & Chief Executive Officer, Celanese Corp.

Thanks, Brandon, and thanks to everyone joining us on the call today. Given the macro uncertainty of the world right now, I want us to take a few minutes to set the tone for this call and re-emphasize the priorities we have as a company. As we've prepared the earnings materials we put out yesterday, I try to emphasize two long-time qualities of Celanese and its employees, and I want to re-emphasize them today.

Number one, we are fully committed to our objectives. And number two, we are focused on executing on those things that we can control. To these points, we are committed to executing our business models to maximize earnings and cash generation. We are committed to rapidly integrating and synergizing our Santoprene and M&M acquisitions, and we are committed to swiftly executing our deleveraging plan after closing the M&M acquisition. Above all else, we remain committed to these objectives even in the most challenging of environments.

Clearly, the recent macro dynamics have done little to help us. This is nothing new. We have not and will not use them as excuses. Over the last few years, our teams have delivered exceptional, even record performance while dealing with the global pandemic, severe constraints on raw materials and global logistics, record levels of cost inflation, and now, add to that list, a rapid rise in interest rates. We know how to respond to external challenges by executing against that which we can control.

Our Engineered Materials and Acetyl Chain teams each delivered record earnings across the first half of 2022. Their operational excellence and commercial agility has driven record adjusted earnings per share performance

across the first half of 2022 and a very strong full-year outlook, even without the benefit of share repurchases this year. Our finance team successfully secured permanent financing for the M&M acquisition in a very challenging market and are taking controllable actions to ensure the resiliency of our deleveraging plan. Our integration teams are rapidly synergizing Santoprene and making significant progress in M&M pre-integration work.

We cannot predict what the world M&M pre-integration work. We did not predict what the world will present us with in the future. Right now, we see very little firsthand indications in our order books that warrant the severity of market headlines that we are all reading and the market response we have experienced.

But I don't want to spend our time on this call today speculating on the things our team cannot control, whether that's business performance outside of Celanese or uncertain macro conditions in the future, and while we do not expect the worst, I want to be clear that we will be positioned and prepared for it. We are eager to close the M&M acquisition, which we are targeting for the fourth quarter of this year. I've had the chance to meet many M&M employees over the last few months. I have been very impressed by their capability, their passion for the business, and their excitement about the new company we are forming.

They will be an important part of our success and I am excited to welcome them to Celanese. We are excited about the opportunity we will have as one team to drive growth and value creation in Engineered Materials going forward. Above all else, I am confident in the momentum Celanese is building to deliver long-term growth and value for shareholders. With that, I'd like to ask Darryl to go ahead and open up the session for Q&A.

QUESTION AND ANSWER SECTION

Operator: Thank you. We will now be conducting a question-and-answer session. [Operator Instructions] We ask that you please limit yourself to one question and one follow-up question. One moment, please, while we poll for your question. Our first question comes from the line of Vincent Andrews with Morgan Stanley. Please proceed with your questions.

Vincent Stephen Andrews

Analyst, Morgan Stanley & Co. LLC

Q

Thank you and good morning, everyone. Lori, just reading the prepared remarks, I may have misunderstood it, but it doesn't seem like you're assuming below plan EBITDA for M&M next year but just that you're going to have the higher interest expense. Is that or is it just that you think some of the work you can do can allow you to have cash flow that's on plan, in which case, EBITDA kind of becomes less relevant or what is it that your latest thinking is on that right now?

Lori J. Ryerkerk

Chairman & Chief Executive Officer, Celanese Corp.

A

Yeah. Thanks for the question, Vincent. Look, our real focus has been on really focusing on cash flow and steps that we can take to offset the additional pre-tax interest of about \$250 million that we're anticipating.

I'd have to say I'm really pleased with our team for having completed the financing in what's been a very difficult environment to do that. So we are really pleased with where we are on financing but we have been looking at, how do we offset that from a cash flow basis. And so, we're looking at capital, we're looking at working capital, we're looking at other forms of generating cash. Obviously, our better performance within Celanese this year and

our belief of that continuing through next year will also help in terms of really offsetting that on a cash performance.

I think if we look at, DuPont's M&M performance, I mean, we're seeing the same numbers you are so we don't have any insight into Q2. , and I would say, we are, disappointed. But that said, we assume they've had some of the same headwinds we've had in the inflation, currency, certainly Asia automotive, which they're exposed to and the volatility there.

So, we're going to be watching their performance. I have to say personally, I'm more interested in what they do in the second half and the momentum that they can build as we move through the second half and towards the time of the acquisition. And obviously we're very focused as we look at synergies and early synergy capture and looking at what steps – similar to what we did with Santoprene, what steps can we take immediately upon closure of the acquisition to try to get their earnings up to the level that we expected at the time of the deal?

Vincent Stephen Andrews

Analyst, Morgan Stanley & Co. LLC

Q

Okay. And just as a follow up, could you just talk a little bit about sort of the differential in acetic acid pricing between Asia and the United States? It just seems to be at a pretty wide level. What was your expectation for sort of how that spread is going to play out?

Lori J. Ryerkerk

Chairman & Chief Executive Officer, Celanese Corp.

A

Yeah. I think what we saw in the second quarter is utilization, although pretty robust in Asia, we saw some demand come off due to COVID, all the producers were operating pretty well. So, we did see demand softening as we move – sorry, price softening as we move through the second quarter.

As we look at that third quarter, we expect it to probably stay in that kind of for \$450 per ton that we're still seeing for China acid. I think the story in the Western Hemisphere is a little different. Demand has continued to be fairly strong really everywhere in the Western Hemisphere. And we have had some producer outages in the Western Hemisphere continuing into now the third quarter. So, I think that's where you see the price differential.

And maybe what's a little different is with the logistics issues in the world today and availability of boats, I think it's been a little bit harder for people to move – some of our competitors I would say to move Asia -out of Asia and into other areas of the world, which has kept that differential high. And I expect that differential to continue which is [indiscernible] 00:09:51 at differential high and I expect that differential to continue as we move into third quarter.

Vincent Stephen Andrews

Analyst, Morgan Stanley & Co. LLC

Q

Thank you very much.

Operator: Thank you. Our next questions come from the line of Mike Leithead with Barclays. Please proceed with your questions.

Michael Leithead

Analyst, Barclays Capital, Inc.

Q

Great. Thanks. Good morning. First one, Lori, I was hoping you could expand upon, in the prepared remarks, you talk about a strategic overhaul of the Acetate Tow business. Just how you're thinking about potentially rethinking your commercial approach there?

Lori J. Ryerkerk

Chairman & Chief Executive Officer, Celanese Corp.

A

Sure. If we look at our performance of Acetate Tow, I mean, while historically, we were really focused on delivering our customers with kind of unparalleled quality and security of supply, both of which came with longer-term contracts, we've clearly seen in the period of rapid raw material price escalation and rapid escalation of energy pricing that this method of using fixed contracts is really unsustainable. I mean, overall demand remains fairly robust in the industry, but we clearly cannot and will not continue to run a business that is losing money. We would like to build in more optionality to that business. We need to become more nimble. We need to move towards more dynamic pricing.

And so, much like we did in past years with VAM and emulsions and RDP, we really want to relook at what are our commercial contracts, how do we source, how do we manufacture, all the logistics of everything, how do we produce or provide enhanced optionality versus what we have today. We're really confident there's value in doing so. Like we said, we have experience having done that with some of the downstream derivatives of acetic acid. And we think by running this business in a similar way, we'll be able to deliver much, greater value in the years ahead.

Michael Leithead

Analyst, Barclays Capital, Inc.

Q

Great. That is super helpful. And then maybe second, just for Scott. I just want to clarify some of the interest expense comments you made in the prepared remarks. So, if I just read it correctly, I believe you're adjusting the M&M interest out of adjusted EPS, but that's still included in your free cash flow guidance, is that correct? And just what is the incremental interest versus maybe what you thought last quarter pre-debt raise?

Scott A. Richardson

Executive Vice President & Chief Financial Officer, Celanese Corp.

A

Yeah. So, we are going to adjust ahead of close that out of EPS, Mike, so you're correct on that. But we have included it because we have not adjusted free cash flow. So, it is included there as that cost to carry. And that cost to carry is still very similar to what we had originally baked into the deal. Even though interest costs have risen, the ability to reinvest that money ahead of close, now we're in a higher return than expected previously. So, the net interest on that carry is basically about the same as what we had originally anticipated for the deal.

So, overall, interest costs, based on the financing right now on an annualized basis going forward, post-close, we would expect to be in that \$250 million per year range and, we are continuing to look for ways to bring that down and we have some plans that we plan to implement – implement in subsequent quarters.

Michael Leithead

Analyst, Barclays Capital, Inc.

Q

Great. Thank you.

Operator: Thank you. Our next question comes from the line of Jeff Zekauskas with JPMorgan. Please proceed with your questions.

Jeffrey J. Zekauskas

Analyst, JPMorgan Securities LLC

Q

Thanks very much. In your debt financing, do you have an ability to easily refinance the different portions of the debt of interest rates come down? Or you [indiscernible] 00:13:50

Scott A. Richardson

Executive Vice President & Chief Financial Officer, Celanese Corp.

A

Yeah. Yeah. So, Jeff, what we did on that financing is we did try to wait a good portion of that financing to the short end of the curve on the fixed debt. So, we have a larger amount on the two and three-year, which will allow us to either not just refinance, but hopefully, delever and pay that off with the cash flow in the early parts of the deal. We also have term loans which are variable in the amount of about \$1.5 billion as well – which will give us the ability to refinance that earlier on.

We're also looking at different cross-currency options on a go-forward basis as we look to and get better understanding of where earnings are going to be in the next several years. We do have the ability to do some cross-currency swaps like we had previously done a few weeks ago to additional euro opportunities as well the yen opportunities to best match where the earnings exposure will be.

Jeffrey J. Zekauskas

Analyst, JPMorgan Securities LLC

Q

My second question, when you think about the Acetyl Chain in 2023, if we, again, go into a pronounced economic slowdown, we seem to be in a different place because oil prices are so much higher. Whether they stay at where we are or whether they come down somewhat. When you think of the the earnings level or the earnings power of the Acetyl Chain in a 2023 recession, where do you think we would be or what range?

Lori J. Ryerkerk

Chairman & Chief Executive Officer, Celanese Corp.

A

Yeah. I think the question really asking Jeff is where do we see a level of foundational earnings? And, Then, although we may have a recessionary environment next year, I think – personally I think it will be more shallow and the impact on our business, while we're not immune to it, we think is, at this point, manageable.

So, I think, if you look at the first half of this year and you look at the trailing 12 months, we've been at a \$2 billion a year level for the Acetyl Chain. And clearly that is not foundational. Clearly, we've seen some fairly exceptional conditions these last few years.

So, we do expect moderation, if you go back a year or so, we were guiding to about \$1 billion a year prior to the lift from the Clear Lake expansion as our foundational earnings. And we've continued to improve our business over the last few years. We've built in a lot of additional optionality. We added dealer tax. And we already see capability. We've continued to enhance our commercial agility in Acetyl Chain. And we have seen improved global supply/demand balances. And, we see that even in China today where I mean prices certainly have moderated, I'd say, back to more typical levels. But, we're still at kind of 85% to 90% utilization in China.

So, overall, we feel very confident. We've lifted our foundational earnings above that \$1 billion a year level. , clearly, I said, in China, we're seeing acetic acid moderation. I expect at some point we'll start to see some of that in the Western Hemisphere as well vary somewhat the moderation. And, for example, paints and coatings, but still robust to historical.

So, I don't have an exact number at this point. What I would tell you is, we continue to look at this. And, we'd like to kind of see how the third quarter develop. And as we typically do, we'll be coming out with some guidance for 2023 in the October timeframe.

Jeffrey J. Zekauskas

Analyst, JPMorgan Securities LLC

Q

Okay. Great. Thanks so much.

Operator: Thank you. Our next question has come from the line of Josh Spector with UBS. Please proceed with your questions.

Joshua Spector

Analyst, UBS Securities LLC

Q

Yeah. Hi. Thanks for taking my question. Curious if you could talk about some of the end market volumes that you're seeing in EM kind of as you went from the end of second quarter into 3Q. So like auto, consumer durables where you're seeing more weakness and how pronounced that weakness is in that market versus your performance? Thanks.

Lori J. Ryerkerk

Chairman & Chief Executive Officer, Celanese Corp.

A

Yeah. I think, we look at EM, we are seeing slight softness, I'd say, across all regions. I mean, in Asia with the COVID lockdowns, we saw a little bit of softness there, although surprisingly auto continue to be very strong for us in Asia even though the market was down, I think 13% in China in terms of build, we were actually up about 8%.

I would say in Asia, we need a little more visibility kind of post the COVID recovery here now to really assess the fundamental demand that's going to exist for some of the other areas. I'd say, in the US, we're seeing consumer spending stay up, really holding up the best of all of the regions which is supporting certainly auto, build but also industrial demand and some of the electronics and electricity.

And then in the EU, I'd say we're seeing some signs that inflation and energy uncertainty is starting to impact demand but, fairly weak signal sales at point. If you look at the different end market, in auto, what I would say is, right now, it's pretty hard for us to imagine a scenario where demand is what's going to drive auto. We really think it's going to continue to be driven by availability of raw materials, specifically chips. And our outlook is chip availability gets slightly better every quarter and will continue to do so through the end of 2023 and we believe that's what we'll – we believe demand is pretty robust. We've seen that in all segments of the world. Big backlog, low inventories. So, auto, we think it's just really being driven by chip availability and that's true in all sectors.

I think the other thing to think about in auto though is new autos today use a lot more chips, especially EVs. And so the more chips that become available as they are prioritized, the more premium autos and to EVs, that probably still translates to less auto builds than maybe traditionally would have been seen from that.

I think the real softness we've seen has been more in appliances and consumer electronics. Maybe not surprising because everybody seems to have bought a new computer and a new phone during COVID. And I think there's not the pent-up demand there so – and I would characterize it though as modest softness, just a few percent. It could also be the impact of inflation.

Medical, I would say – actually our medical business as a total is back at pre-COVID levels in terms of level of earnings and that is even without implants being back at their pre-COVID level. So, we're seeing much stronger demand in medical for other elements of our medical portfolio, like long dosage, delivery devices, and that sort of thing.

And then you asked about EM but I would just say, on the acetyl side, the softness we're seeing is more in paints and coatings and construction, but I would say that's off a historical high versus necessarily what we would consider a typical level of demand.

Joshua Spector

Analyst, UBS Securities LLC

Q

Thanks. Just in terms of EM earnings, I think some of your competitors have they've been a bit more vocal about the FX impact and how that changed their outlook.

more vocal about the FX impact and how that changed your outlook? Did that anything change from your perspective versus your planning basis? Obviously, rates are worse, but I'm not sure what is embedded in your guidance. Thanks.

Lori J. Ryerkerk

Chairman & Chief Executive Officer, Celanese Corp.

A

Yeah, I mean, certainly we're seeing the FX impacts and engineer materials. If you look at, say, this second quarter of this year versus last year, it's about \$10 million just for EM. So, we're certainly seeing it. It was a little higher this quarter than we had originally planned. But, I think always to the tune of a couple of million for EM.

And I, look, I think this is really where you see the strength of our – of our pipeline model in Engineered Materials as well as, really the commercial agility of our EM employees. I mean, they have been out there, managing product mix, managing pricing, doing all those things to really cover the cost of raw materials and cover that forex headwinds that we've been seeing throughout this quarters and all the quarters, in front of it, and all the quarters to come. And I think that's where you really see the strength of Celanese and the people at Celanese.

Joshua Spector

Analyst, UBS Securities LLC

Q

Okay. Thank you.

Operator: Thank you. Our next question comes from the line of Ghansham Panjabi with Baird. Please proceed with your questions.

Ghansham Panjabi

Analyst, Robert W. Baird & Co., Inc.

Q

Hi, everyone. Good morning. I guess for my first question, on your commentary in your prepared comments about, inventory levels having sort of normalized in many end markets, verticals along the supply chain, does that by definition create less opportunities for the AC segment in terms of just sort of flexing the chain and, maximizing molecular profitability or, or is that not the case?

A

, I would characterize it, Ghansham, I think, that our – our focus in the Acetyl Chain have done a tremendous job really flexing the chain over the last, call it two years to really respond to the

difference in Western Hemisphere economics versus China, and to really move as much down the chain as we can. , what I would say is, as we see soft China pricing, you saw last quarter, we moved a lot of material out of Asia into Europe, and we did that in the first quarter as well. We'll continue to do that. What I would say is, though, we're probably near reaching our limits of how much more flexibility we have in the chain just because we're really full and downstream derivatives. We're running full capacity in BAM, BAE, RTP.

So, we'll continue to take commercial actions to try to take advantage of other opportunities we see in the market. But I think we've really, really been pushing the boundaries of the optionality we have within the AC Chain, if you really – especially if you look at second quarter.

Ghansham Panjabi

Analyst, Robert W. Baird & Co., Inc.

Q

Okay. Terrific. And then, on the recession sort of scenario, how do you see volumes playing out for your EM segment in context to the fact that, many end markets such as autos, which are quite large, never fully recovered. And would you expect also the same for M&M? I understand you don't own it yet and so on but just given the nature of the end market matrix for that's – for that business as well.

Lori J. Ryerkerk

Chairman & Chief Executive Officer, Celanese Corp.

A

My view on auto, and I just talked about it a little bit. My view on auto is, we probably have three years pent-up demand in auto. I mean, if you order a car in Europe, you wait a year to get it. If you order one in Japan, you wait 1 to 2 years. Even in the US, I mean, you can wait quite a long time if you're looking for something specific.

So, I think there's a lot of pent-up demand in auto and, especially for premium vehicles, which we have a stronger presence in. And EVs, which we have a stronger presence then while in a recessionary environment, you would normally expect that. Given we have been so long now and have this large pent-up demand, I think auto is going to be relatively unaffected. Again, I don't see anything through the end of 2023 that's going to impact auto demand other than the shortage of chips and other raw materials, but primarily chips.

I think we will continue to see softness if we go into a more recessionary environment on consumer durables, things that people can put off buying, consumer electronics, people will wait to buy their next iPhone. But medical and pharma is a very resilient market. I don't expect to see any impact there. And we're not seeing any impact in industrial and some of the electronics into 5G and things like that. And I really expect those buildouts for 5G and that sort of thing to continue. For power generation, I mean, with the way the world's moving, more electric vehicles, more infrastructure, more Internet of Things, I don't really see those being impacted.

So, the real impact I expect is what we're starting to see a softening in which is consumer durables and consumer electronics which, for us, is a fairly small part of our portfolio. Again, I don't own M&M, but we do know that the vast majority – the kind of 50% of their material roughly goes into auto. So, I would expect that to continue to be a pretty robust market as we go forward even in a recessionary environment as well.

Ghansham Panjabi

Analyst, Robert W. Baird & Co., Inc.

Q

Thanks so much, Lori.

Operator: Thank you. Our next questions come from the line of Michael Sison with Wells Fargo. Please proceed with your questions.

Michael Sison

Analyst, Wells Fargo Securities LLC

Q

Hey. Good morning. Nice quarter and an outlook. Lori, I guess, with the added financing and I know you guys do a really good job of offsetting a lot of negatives though, I think you hoped the deal would be accretive by a couple of dollars in the first year.

Is that, I mean, it seems like hard to do but is it still going to be accretive and other things for you to do to offset the EPS solution of the deal or of the financing?

Lori J. Ryerkerk

Chairman & Chief Executive Officer, Celanese Corp.

A

Yeah. Mike, I would just say it's too early for me to give you a definitive answer on that. I mean, we are really, we think that right now we've been focused on the cash side of that equation, really maximizing cash flow. We do see we have meaningful opportunity also in the size and timing of our synergies. We think as we've done with Santoprene, we'll be able to pull things forward and increase the amount of synergies with new in the first year.

As I said on the cash side, working capital, capital expenditures. Also the performance of our businesses, we need to get a better view on 2023, which we're working through right now. So, I would say from an accretion standpoint, it's just too early to call. But, again, I would expect we should have a revised update we can share with all of you in the October timeframe.

Michael Sison

Analyst, Wells Fargo Securities LLC

Q

Got it. And then, it sounds, in the prepared remarks that, the disappointment in M&M results so far. When you sort of, I know you don't have the business yet but when you think about how the business has performed, do you sort of see it as more external and the end markets are more difficult or is it maybe some ways they operate that you can, immediately improve and the results maybe should have been better?

A

, that's a tough question to answer, Mike. Look, we, within Celanese, we expect our business to be world-class operators. We expect them to be commercially agile. We sell our products into highly differentiated and specified end applications. So, we work very hard in Celanese to really preserve profitability despite external disruptions and through periods of volatility, as we kind of say, we – you'll never hear someone in Celanese use the excuse of – for underperformance by saying that the market is cyclical or that we had too many headwinds. I think that's how we operate in Celanese.

Now, there's a lot of great people coming from M&M, but I think we know the value of our models and we know the value of our culture and we believe we'll be able to apply that all to M&M and get differentiated performance from that asset as well. So, that's really our focus as we work through integration and move towards the close.

Michael Sison

Analyst, Wells Fargo Securities LLC

Q

Thank you.

Operator: Thank you. Our next question comes from the line of P.J. Juvekar with Citi. Please proceed with your questions.

P.J. Juvekar

Analyst, Citigroup Global Markets, Inc.

Q

Yeah. Hi. Good morning, Lori and Scott. Quick question on your natural gas exposure in Europe. You gave some details about Germany and your trash-to-gas deal, but if the supply is severely curtailed in the winter, is it possible that maybe you can shut down your Frankfurt plant and supply that – supply those customers from either Europe or Asia?

Lori J. Ryerkerk

Chairman & Chief Executive Officer, Celanese Corp.

A

Yeah. Look, as we said in our notes, our natural gas exposure in Europe is focused in Frankfurt, Germany and I would say 30% of our global sales come out of Germany in 2021, and that's pretty typical normally. And because of trash-to-cash, we also have projects we can use fuel oil and IPH. I think it's not – it's highly unlikely we would want to or would shut – would need to shut down IPH in the winter.

Obviously, on acetyls, we have the option to bring material to Asia from Europe. But we don't produce a lot of that there. It's really just palm production is the main thing we make as well and some other things and IPH. So, I don't think it's highly likely we will need to. We may run at reduced rates I think is the more likely thing. And again, [indiscernible] 00:31:54 the big energy consumer there. A lot of the other things we produce there don't use nearly the amount of energy. So – and I think, there are other places in Europe outside of Germany that may be more impacted, although we are working to look at the plans to mitigate at all of our critical locations in Europe.

Scott A. Richardson

Executive Vice President & Chief Financial Officer, Celanese Corp.

A

Yeah. Flexing capacity is something we do every day, PJ. We've talked a lot about it in our steel business, but we do it in engineered materials as well. And so if there is opportunities where we have excess capacity that is lower cost in other regions, we can move that around if the logistics are there, as Lori mentioned. And we will always look to maximize profitability if that opportunity exists.

P.J. Juvekar

Analyst, Citigroup Global Markets, Inc.

Q

Great. Thank you. And then in automotive, many chemical companies and others thought that there is a quick snapback. But as you rightly said, there are constraints on the chip side and all that. So, what's the more realistic outlook? Can you talk about maybe like a global build number that is more reasonable?

Lori J. Ryerkerk

Chairman & Chief Executive Officer, Celanese Corp.

A

Well, you may recall when we went into this year, we actually despite IHS having a fairly optimistic number, I don't remember what it was, 8% or maybe even higher than that, of build growth from 2021 to 2022. We actually base our 2022 forecast on flat auto builds from 2021 to 2022. And I think if you look at where we are, I think we're just –

we're like just under 2% growth now according to IHS for global auto builds. And although they're still pouring out 4%, we still think – we still think a flat was a pretty good prediction. And again, because we really based it on chip recovery and the fact that vehicles use more chips now. So, you need more recovery in chips in order to fill the same number of vehicles.

So, we still think flat versus 2021 is a pretty good estimate. , maybe a few percent of growth here in the second half as we see chips becoming more and more available. But I think flat. And , the interesting thing is here in North America, you would think with energy prices, that though, we'd be start to see the transition to more demand for more fuel efficient vehicles. But in fact, we're not, we're still seeing plenty of trucks and SUVs being the primary models being built. And again, these tend to be higher and more premium vehicles and require a lot of chips.

P.J. Juvekar

Analyst, Citigroup Global Markets, Inc.

Q

Great. Thank you for the color.

Operator: Thank you. Our next question comes from the line of Kevin McCarthy with Vertical Research Partners. Please proceed with your questions.

Kevin W. McCarthy

Analyst, Vertical Research Partners LLC

Q

Yes. Good morning. Scott, I was wondering if you could address your latest thoughts on the capital budget last quarter, I think you indicated \$550 million. But in reading the prepared remarks last night, it sounds like you're actively evaluating options to reduce that number. What kind of levers could you pull if necessary? And do you have any early thoughts on how that number could trend in 2023 as you complete your expansion at Clear Lake?

Scott A. Richardson

Executive Vice President & Chief Financial Officer, Celanese Corp.

A

Yeah. So, I think that \$550 million range for this year is still likely where we'll be. As we look forward next year, I mean, we – in our original modeling with the combined enterprise with M&M, we had -

we baked in a higher amount of capital than we would likely need. And as we continue to understand that business better, I think there's going to be additional opportunities to bring that capital number down. So we'll provide a little more color on where we think that's going to be on a combined basis as we get into October. But it is likely is going to be one of those important elements to offset that incremental \$250 million of interest that we talked about in the prepared remarks. So I think we won't be able to offset it all through capital versus our original plan, but we'll certainly be able to get a good chunk of it from capital.

Kevin W. McCarthy

Analyst, Vertical Research Partners LLC

Q

Okay. And then, Lori.

A

Maybe – sorry.

Kevin W. McCarthy

Analyst, Vertical Research Partners LLC

Sorry, go ahead.

Q

Lori J. Ryerkerk

Chairman & Chief Executive Officer, Celanese Corp.

Maybe if I could add – if I could add to that, I mean, because you did ask where might it come from? I think like with we saw this year, given the large number of assets that we are getting from DuPont, we will be evaluating, where do we think we'll be able to get more capacity, more efficiently out of the DuPont assets versus new build. And so, we'll be evaluating that. And we do think there are some synergy opportunities there.

A

And then, I think like you saw too during COVID, with the higher material pricing right now for steel and everything else, although we start to see it coming down. With – trying to get a clearer view of demand in 2023, we think there's going to be some opportunity to delay some of the larger capital projects and use that time like we did with Clear Lake, to get some efficiencies and savings in terms of construction costs and how we actually contract for the construction of those facilities.

So, I'd say, it's nothing dramatic. We're not cutting to the bone. We still think use of capital for organic growth is a really good use of cash. Though, we are going to be cautious with how we invest in light of the uncertainty around the economics for next year.

Kevin W. McCarthy

Analyst, Vertical Research Partners LLC

Okay. And then, Lori, in reading your remarks, it sounds like you're comfortable enough with the order books as you see them here in July anyway. But in a scenario where the macro environment continue to move against, so to speak, how do you think about portfolio composition? In other words, did you see any levers that you could pull in terms of non-core assets that may be useful to accelerate the process of deleveraging if necessary?

Q

Lori J. Ryerkerk

Chairman & Chief Executive Officer, Celanese Corp.

Yeah. Look, it's something we look at all the time. We're always reviewing our portfolio. And as you've seen, we've made a number of moves over the last several years, whether it's an opportunistic move like the PPC divestiture that we did or some of the smaller divestitures we did around PPE and some other composite. So, what I would say is first, we have sufficient financing capacity on our balance sheet today to finance a deal with cash and committed debt.

A

So, we don't need to sell anything in the near term. And although – I guess, that said, we will be opportunistic. Interestingly enough, we have actually had a reasonable large amount of inbound calls about some of our assets versus what we've typically seen in the last few years. Although the equity market has slowed down, we are getting a lot of calls. And that is giving us the opportunity to look at a variety of our assets and really see if there's some opportunistic ability to monetize any of those.

Again, similar to what we did for Polyplastics. So, it's something we're looking at, but not something we have to do.

Kevin W. McCarthy

Analyst, Vertical Research Partners LLC

Understood. Very helpful. Thank you.



Operator: Thank you. Our next questions come from the line of John Roberts with Credit Suisse. Please proceed with your questions.

John Roberts

Analyst, Credit Suisse Securities (USA) LLC

Thank you. You call – you called out the performance of Santoprene in the quarter, how did POM do? You've got a key competitor that's orphaned right now. I would think this is a pretty good environment for you to gain some share in POM.



Yeah. Look I'd say on POM, I think POM is performing as we had it for the year, expected it to perform. , it continues to go into a lot of high value and applications. And I wouldn't say we see any real difference in demand or margins on POM now versus what we expected.

John Roberts

Analyst, Credit Suisse Securities (USA) LLC

Great. And then how did Ibn Sina do in the quarter? I would think this was a really good environment for them.



Yeah. So, obviously with higher methanol prices last quarter, we saw that roll through in Ibn Sina, I think, recall that on our comments we had, a good bump up from Ibn Sina but mostly offset of about \$5 million offset by the KEPCO restructuring. And so, it's done well. Again, remember, Ibn Sina is on a one quarter lag. So, we could sure continue to see help from Ibn Sina as we move into the third quarter as well.

John Roberts

Analyst, Credit Suisse Securities (USA) LLC

Thank you. Thanks.



Operator: Thank you. Our next question comes from the line of Hassan Ahmed with Alembic Global. Please proceed with your questions.

Hassan I. Ahmed

Analyst, Alembic Global Advisors LLC

Good morning, Lori and Scott. , question around the trajectory of volumes within – within the Acetyl Chain. I take a look at the sequential uptick in volumes from Q4 to Q1 and it was 8%, even though, if I remember correctly, there were a couple of turnarounds in Q1 and then I take a look at the sequential sort of downtick in Q2, it was a 3% sort of down take. In Q2, it was a 3% down take. So, I'm just trying to get a better sense of that trajectory from



Q4 to Q1 to Q2, obviously keeping in mind the Europe situation, which is obviously prevalent in the first quarter as well.

A

Yeah. But, look, the Q1 to Q2 is fairly straightforward. I mean, we did – while we did have some small turnarounds in Q1 at Clear Lake, we had some larger impacts in Q2, which then we had to declare force majeure because of raw material outages that some of our raw material suppliers for Clear Lake. So, that really – that difference in volume you see Q1 to Q2 is really caused by that force majeure event in Clear Lake.

Hassan I. Ahmed

Analyst, Alembic Global Advisors LLC

Q

Understood. Understood. And now just on the strategic overhaul that you guys talked about within acetate, so, I mean, would a potential sale be considered? Obviously, I have memories of you guys sort of walking down that path earlier, but that was obviously a very different time as well. But would that be something that you guys would think about as well? And maybe potentially some of these inbound calls, are there related to the AT business as well?

A

What I'd say is – and we've talked about it on these calls before, we would certainly consider a sale but would think we would come up against the same problems with anti-competition in Europe that we had previously on the deal that was contemplated. So, I'd say we're really focused at this point on actions that we can take that are under our own control to improve the performance of that business.

Scott A. Richardson

Executive Vice President & Chief Financial Officer, Celanese Corp.

A

Yeah. And, Hassan, just to add to that, it's – we've had a lot of value that's been created by operating Acetyl Chain as an integrated value chain and ensuring that in the downstream derivatives, the full value of the upstream is captured and contained in how we price the products. And so, we believe there's a lot more overall enterprise value to be created by operating that business more integrated on a go-forward basis.

Hassan I. Ahmed

Analyst, Alembic Global Advisors LLC

Q

Very helpful. Thanks, guys.

Operator: Thank you. Our next questions come from the line of David Begleiter with Deutsche Bank. Please proceed with your questions.

David Begleiter

Analyst, Deutsche Bank Securities, Inc.

Q

Thank you. Good morning. Lori, Scott, back to M&M, what have you learned over the last few months in your integration work that makes you more positive about the combination and anything you've learned that may be not as hopeful as you have thought initially?

Lori J. Ryerkerk

Chairman & Chief Executive Officer, Celanese Corp.

A

Yeah. A couple of things. One, I have to say, having gotten to meet a good number of people now in the M&M organization, I am very positive about the people who will be joining the company, their passion for the business, and frankly, their excitement about joining Celanese and this opportunity we have to really make this world leader in engineer materials company by putting our assets together.

And so, I think with any large M&A, you always have to worry about the cultural integration. And I would say, what we see is for the folks who work in M&M, we think they're actually much closer to us in terms of culture than we probably thought before. Obviously, there's things we need to look out for and all that. But we're actually pretty – we're very excited about the folks that we're getting and how they're going to – how we can come together to really take the best of all, both companies and really have an outstanding engineer materials business.

I would say also as we continue to dig into synergies and Scott may want to comment more, but as we dig into synergies, and Scott may want to try comment more, but as we dig into synergies, the synergies that we had called out are real. They're there. We think we'll be able to probably get more and we think we'll probably be able to get them faster. So, we're working through all of those steps now. And so, therefore, we think there is even more value to be had.

And I think some of the things that the premises we had around how we can continue to commercially build that business, take advantage of the pipeline model and those things, I think we, again, feel very positive about the value that can be generated with those molecules and using the pipeline model that we have used so effectively here in Celanese.

Scott A. Richardson

Executive Vice President & Chief Financial Officer, Celanese Corp.

A

Yeah. Just on that synergy point, I think we had originally baked in \$150 million in the first year and \$150 million in the second year of cost to achieve synergies. We think we're actually going to be able to spend less than that in Year 1 especially and still get at or above the original synergy target of \$75 million in that first year. So, there's a lot more lower cost synergies or no cost synergies early on as we model that out, which we're excited about.

And then one other thing to add is just the commercial teams. I think what we've learned is how we're structured, how M&M is structured, very similar in terms of how to approach customers, yet kind of maybe the governance of how we do it and they do it is very complementary. So, there's some things that we believe are going to be things that enhance and evolve our model. And we've talked now for five, six years about the continual evolution of our pipeline model, and we think bringing M&M in is going to be a nice accelerator in that evolution, which should create some market opportunities going forward.

David Begleiter

Analyst, Deutsche Bank Securities, Inc.

Q

Great. That's very helpful. And just quickly, acetate tow, what's been the reaction from your customers as to this new strategy, or is it too early to get full feedback yet?

Lori J. Ryerkerk

Chairman & Chief Executive Officer, Celanese Corp.

A

Yeah. I think it's too early. I mean we're still working internally to develop our models and how exactly that works. So, we'll see more I guess in the second half as we go out with some changes to our customers.

David Begleiter

Analyst, Deutsche Bank Securities, Inc.

Thank you very much.

Q

Operator: Thank you. Our next question comes from the line of Matthew DeYoe with Bank of America. Please proceed with your questions.

Matthew DeYoe

Analyst, BofA Securities, Inc.

Good morning, everyone. So, just in general, seeing a pretty significant number of acetyl outages over the last 24 months, not just on these kind of industry-wide and at a frequency we're not used to seeing. So, what's the issue here? I mean, is this like everybody took ownership of their CO units and it's become a problem? Are they underinvested? And how – why is everybody keep going down?

Q

Lori J. Ryerkerk

Chairman & Chief Executive Officer, Celanese Corp.

It's very good question. And I have to see the data because I'm not – if I'm looking thinking in my own memory, I'd actually say within Celanese, our acetyl units are running probably more reliably than they have in their history. So, I'd have to see and look at the industry numbers to see if that's really accurate. I don't think there's any common themes here. I mean, I do think coming out of COVID, we saw people running facilities very hard because there was that sudden uptick in demand.

A

And so, I think turnarounds are pushed off and those sorts of things. And you're seeing people either having to take those turnarounds or maybe having pushed a bit too long and having unplanned downtime. But I think there's nothing other kind of systematic kind of failure in the system that I see that would support that there's an issue. I think it may just be timing and then maybe just preconceived bias in terms of – always thinking things are worse today than they were in the...

Scott A. Richardson

Executive Vice President & Chief Financial Officer, Celanese Corp.

The one thing I would add though, Matthew, I think it's important, we've brought this up on other calls, is we are starting to see with some of the logistical challenges, we're seeing more Western Hemisphere downstream demand come back on line and the demand is higher. And yet, it's harder to get product out of Asia, particularly China, into the Western Hemisphere. And I think we've talked now for a number of years about the need for capacity in Asia to flow to the Western Hemisphere to keep things balanced, and that's been really challenged in this period of time. And so, I think without that coming over into the West, that has kind of made some of these outages more visible in the market than maybe what they had been historically.

A

Matthew DeYoe

Analyst, BofA Securities, Inc.

It's a fair point. Yeah. And then, how much revenue did KEPCO switch and Santoprene add to EM in the second quarter?

Q

Lori J. Ryerkerk

Chairman & Chief Executive Officer, Celanese Corp.

A

So, versus second quarter last year, Santoprene about \$15 million versus last year when we didn't have Santoprene.

Scott A. Richardson

Executive Vice President & Chief Financial Officer, Celanese Corp.

A

And KEPCO was pretty minimal. It's pretty immaterial. It's not far off from that Santoprene number, but it was pretty minimal.

Matthew DeYoe

Analyst, BofA Securities, Inc.

Q

And with – if I could just – KEPCO, was that like it's a full quarter or was there a partial quarter there?

A

It's a partial quarter because there's still inventory that's needed to be sold out of the JV. So, it was pretty small in the quarter.

Lori J. Ryerkerk

Chairman & Chief Executive Officer, Celanese Corp.

A

But remember, then it actually came out of equity earnings as well. So, it's kind of netted out in the total model line.

Matthew DeYoe

Analyst, BofA Securities, Inc.

Q

Sure. I was just trying to get a clear read on volumes for EM on the quarter.

Lori J. Ryerkerk

Chairman & Chief Executive Officer, Celanese Corp.

A

Sure.

Operator: Thank you. Our next questions come from the line of Matthew Blair with TPH. Please proceed with your questions.

line of Matthew Blair with TPH. Please proceed with your questions.

Matthew Blair

Analyst, Tudor, Pickering, Holt & Co. Securities, Inc.

Q

Hey, good morning. With all the volatility in oil, nat gas and coal, has the cost curve changed for Acetyl and give us sense on operating rates per region?

A

Yeah. I don't – I don't think the cost curve is really switched. I mean, the only place I would say you really see kind of things really out of whack. I mean, things have tended to move in parity, but the thing that's really out of whack, of course, is natural gas in Europe compared to oil. If you look at natural gas prices today, with the cutback in the

Nord Stream and everything. I mean, it's probably the equivalent of \$350 oil. Now, again, not a big factor for us on Acetyl, but bigger factor for engineering materials. So I would say, for Acetyl, the cost curve continues to be even as these higher natural gas prices in the US still significant advantage in US Gulf Coast. Acetyl production and then oil in Singapore and coal in in China remain about the same. And then again, Europe's a little bit upside down, but that's not a big factor for us on Acetyl.

Scott A. Richardson

Executive Vice President & Chief Financial Officer, Celanese Corp.

A

Yeah, I think it's also important to think about landed cost curve, because ultimately, that's what really matters. And because of that, logistical dynamic that I talked about a few minutes ago, I mean, that certainly is holding things up because it's really expensive to move product right now, even if you can get the boats out of China into Europe or the US.

Q

Got it. And at Lori, I think you mentioned the currency headwind of about \$10 million in the second quarter. Do you have a similar number for 2022 that's embedded in your guidance?

Lori J. Ryerkerk

Chairman & Chief Executive Officer, Celanese Corp.

A

Yeah. So the \$10 million was just for EM. If you actually look at quarter-to-quarter

currency was almost \$25 million just from Q1 2022 to second quarter 2022. So, we do have a number of bed in the full year guidance. I'm not sure what it is right off the top of my head but Scott, you may have one.

Scott A. Richardson

Executive Vice President & Chief Financial Officer, Celanese Corp.

A

Yeah. I mean just from a general rule of thumb about a \$0.01 change in the euro is, caught about \$7 million of earnings per quarter so it's sizable on an annualized basis. And as Lori talked about earlier in the call, the teams both in Engineered Materials and Acetyls have done a phenomenal job of offsetting that. So it's sizable and it's been a pretty significant impact on us for the full year. We've effectively baked in, very similar euro rates to what we're seeing today into our back half guidance.

Q

Matthew Blair

Analyst, Tudor, Pickering, Holt & Co. Securities, Inc.

Great. Thank you.

Operator: Thank you. Our next question has come from the line of Arun Viswanathan with RBC Capital Markets. Please proceed with your questions.

Arun Viswanathan

Analyst, RBC Capital Markets LLC

Q

Okay. Thanks for taking my questions. Good morning. I guess first off, you went through some nice commentary in your prepared remarks on natural gas in Europe and you just kind of address that a little bit as well as being somewhat out of whack. But I guess, given some of those actions you have taken, it does appear that, you're expecting this level of pricing to remain on a structurally higher basis, into the foreseeable future. Is that is that the

case? And I guess if so, how do we think about EM and the impact from these higher costs in the next couple of years?

A

Yeah. Look, I think the energy surcharge that was put in place by the Engineering Materials group has been very effective in helping us maintain margins and our customers understand it and, aren't necessarily happy but have been willing to pay it. We haven't seen any major impact on volumes because of the higher price.

Now, as we move forward and if we continue to stay at this kind of \$60 per million BTU were seeing today as we move into the winter period, I do think we will see energy pricing, not necessarily the pass-through of our materials, but just energy pricing for producers of goods in Europe being negatively impacted by energy, whether it would be price or even availability at a certain point in time. And I think that's more likely, that price at their own facilities is more likely to lead to a demand destruction for EM than necessarily the energy costs pass-through that we're putting on our products.

Arun Viswanathan

Analyst, RBC Capital Markets LLC

Q

Okay. That's helpful. And then as a follow-up, similar, you noted that there is a CapEx reduction here, and potentially even greater in 2023. Could you just describe that a little bit more? And I guess, you said you'd get to 3 times leverage, in a couple of years. I'm just wondering if you have greater levers to reduce CapEx by even more to stay on track with that deleveraging or if it's not really dependent on that? Thanks.

A

Yeah. Look, we could cut our CapEx in half if we needed to. We've done it before. We did it when COVID happened. We're not going to cut it so far that we can't maintain and run our facilities in a safe and reliable way. I also don't think it's going to be necessary to do that in order to meet the financial objectives that we've set out around this deal. But we always have those letters to further delay projects or, cancel projects.

But again, we're really looking at what is the long-term health of this business. And there's a lot of, in Engineered Materials, there's a lot of expansions we want to do in polymers that, aren't coming over from. We want to do in polymers that aren't coming over from DuPont. Those are base polymers. Just like in acetyl, we want to continue our expansions in VAE and VAM. Of course, we're going to finish the Clear Lake project.

So, there are additional levers if we were to need them, if we were to get into a significant recession which we're not really seeing the signs of now. And significant demand destruction. Obviously, there are more levers we can pull. But the kind of levers – that kind levels we're talking about now \$50 million this year, maybe \$50 million, \$200 million next year. , these kind of levels are things that we think it makes sense to do just in light of the deal and the opportunity we may have to more efficiently produce from a DuPont. And in light of current high prices for contractors for steel and for all of those other things just by the way a bit.

Scott A. Richardson

Executive Vice President & Chief Financial Officer, Celanese Corp.

A

Yeah. Just provide a little bit more color for you, Arun. We had baked in \$800 million of combined capital in 2023 for our base business plus M&M. And just given some of the dynamics that Lori talked about, we don't see

needing to spend nearly that level. So, we know we're going to be able to get a chunk of that back in cash to be able to offset some of the hiring expense we talked about.

Arun Viswanathan

Analyst, RBC Capital Markets LLC

Great. Thanks.

Q

A

Darryl, make the next question the last one, please.

Operator: Thank you. Our final questions come from the line of Steve Richardson with Evercore ISI. Please proceed with your questions.

Kieseane Riddick

Analyst, Evercore Group LLC

Hello. Hi. This is Kieseane on for Steve. So, I'm looking at engineering materials undergone quite an impressive transformation. So, I was wondering if you could touch a little bit more on what drove your EM result especially in China in terms of your EV exposure, and where do you see that going through year-end?

Q

Lori J. Ryerkerk

Chairman & Chief Executive Officer, Celanese Corp.

Yeah. As I said earlier, we actually saw very high demand in China we actually saw a very high demand in China despite of a slowdown, a significant slowdown in auto build because of the – the issues with COVID. I think there's a couple of things, one, we saw great folks in China who are out there. We also tend to, and really continuing to push the commercial models and, and new volume, which comes from the project pipeline.

A

It's also the fact that we tend to go in premium vehicles, which tend to be prioritized over other vehicles. And then certainly EVs in China, where we have a very large presence, EVs continue to be prioritized by the automakers, and we continue to see a lot of material going into the – into the EV market, especially for GUR, into a lithium-ion battery separator film.

Kieseane Riddick

Analyst, Evercore Group LLC

Great. Thank you so much.

Q

Operator: Thank you. That is all the time we have for questions today. I would now like to turn the call back over to Brandon Ayache for any closing comments.

Brandon Ayache

Vice President-Investor Relations, Celanese Corp.

Thank you. We'd like to thank everybody for listening in today. And as always, we're available after the call for any follow-up questions. Darryl, please go ahead and close up the call.

Operator: Thank you. This does conclude today's teleconference. We appreciate your participation. You may disconnect your lines at this time. Enjoy the rest of your day.

Disclaimer

The information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete or error-free statement or summary of the available data. As such, we do not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information. You must evaluate, and bear all risks associated with, the use of any information provided hereunder, including any reliance on the accuracy, completeness, safety or usefulness of such information. This information is not intended to be used as the primary basis of investment decisions. It should not be construed as advice designed to meet the particular investment needs of any investor. This report is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any state where such an offer or solicitation would be illegal. Any information expressed herein on this date is subject to change without notice. Any opinions or assertions contained in this information do not represent the opinions or beliefs of FactSet CallStreet, LLC. FactSet CallStreet, LLC, or one or more of its employees, including the writer of this report, may have a position in any of the securities discussed herein.

THE INFORMATION PROVIDED TO YOU HEREUNDER IS PROVIDED "AS IS," AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, FactSet CallStreet, LLC AND ITS LICENSORS, BUSINESS ASSOCIATES AND SUPPLIERS DISCLAIM ALL WARRANTIES WITH RESPECT TO THE SAME, EXPRESS, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER FACTSET CALLSTREET, LLC NOR ITS OFFICERS, MEMBERS, DIRECTORS, PARTNERS, AFFILIATES, BUSINESS ASSOCIATES, LICENSORS OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS OR REVENUES, GOODWILL, WORK STOPPAGE, SECURITY BREACHES, VIRUSES, COMPUTER FAILURE OR MALFUNCTION, USE, DATA OR OTHER INTANGIBLE LOSSES OR COMMERCIAL DAMAGES, EVEN IF ANY OF SUCH PARTIES IS ADVISED OF THE POSSIBILITY OF SUCH LOSSES, ARISING UNDER OR IN CONNECTION WITH THE INFORMATION PROVIDED HEREIN OR ANY OTHER SUBJECT MATTER HEREOF.

The contents and appearance of this report are Copyrighted FactSet CallStreet, LLC 2022 CallStreet and FactSet CallStreet, LLC are trademarks and service marks of FactSet CallStreet, LLC. All other trademarks mentioned are trademarks of their respective companies. All rights reserved.